The Benefits of Membership

Customized Analysis of Member Benefits For:

South Carolina

June 2014

Prepared by:

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Economics and Statistics Department

South Carolina

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high saving rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that South Carolina credit unions provided $59,147,271 in direct financial benefits to the state's 1,427,098 members during the twelve months ending June 2014.

These benefits are equivalent to $41 per member or $79 per member household [(1)].

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

The per-member and per-household benefits delivered by South Carolina credit unions are substantial. But, these benefits are *averages*. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with South Carolina credit unions.

Consider this:

Financing a $25,000 new automobile for 60 months at a South Carolina credit union will save members an average $71 per year in interest expense compared to what they would pay at a banking institution in the state.

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

South Carolina credit unions excel in providing member benefits on many loan and saving products. In particular, South Carolina credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, credit cards loans.

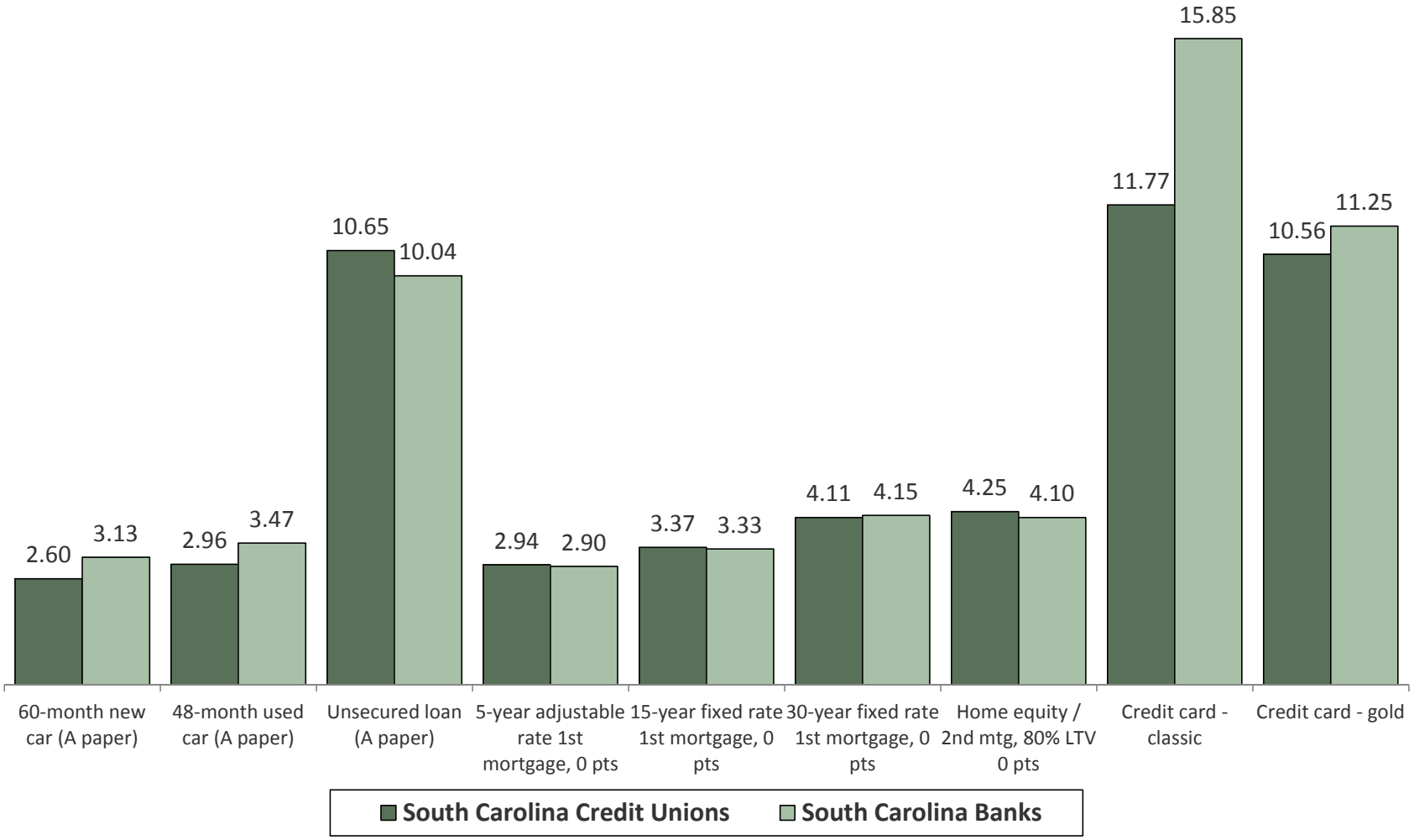
South Carolina credit unions also pay members higher average dividends on the following accounts: regular savings, share draft checking, money market accounts, certificate accounts, IRAs.

AMERICA'S CREDIT UNIONS™

Source: Datatrac, NCUA, and CUNA.
(1)Assumes 1.9 credit union members per household.

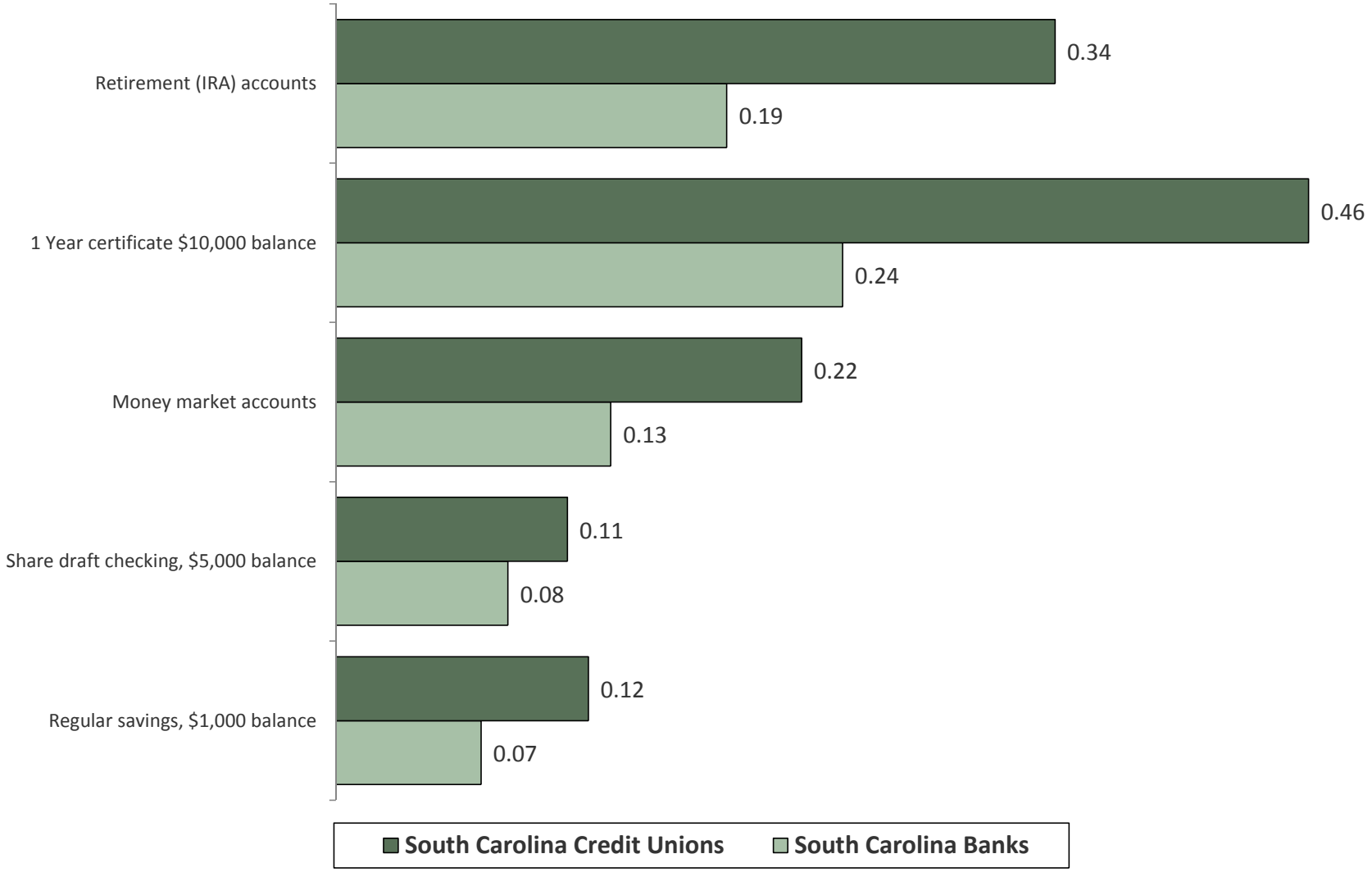
Loan Product Comparative Interest Rates (%)

By Loan Type



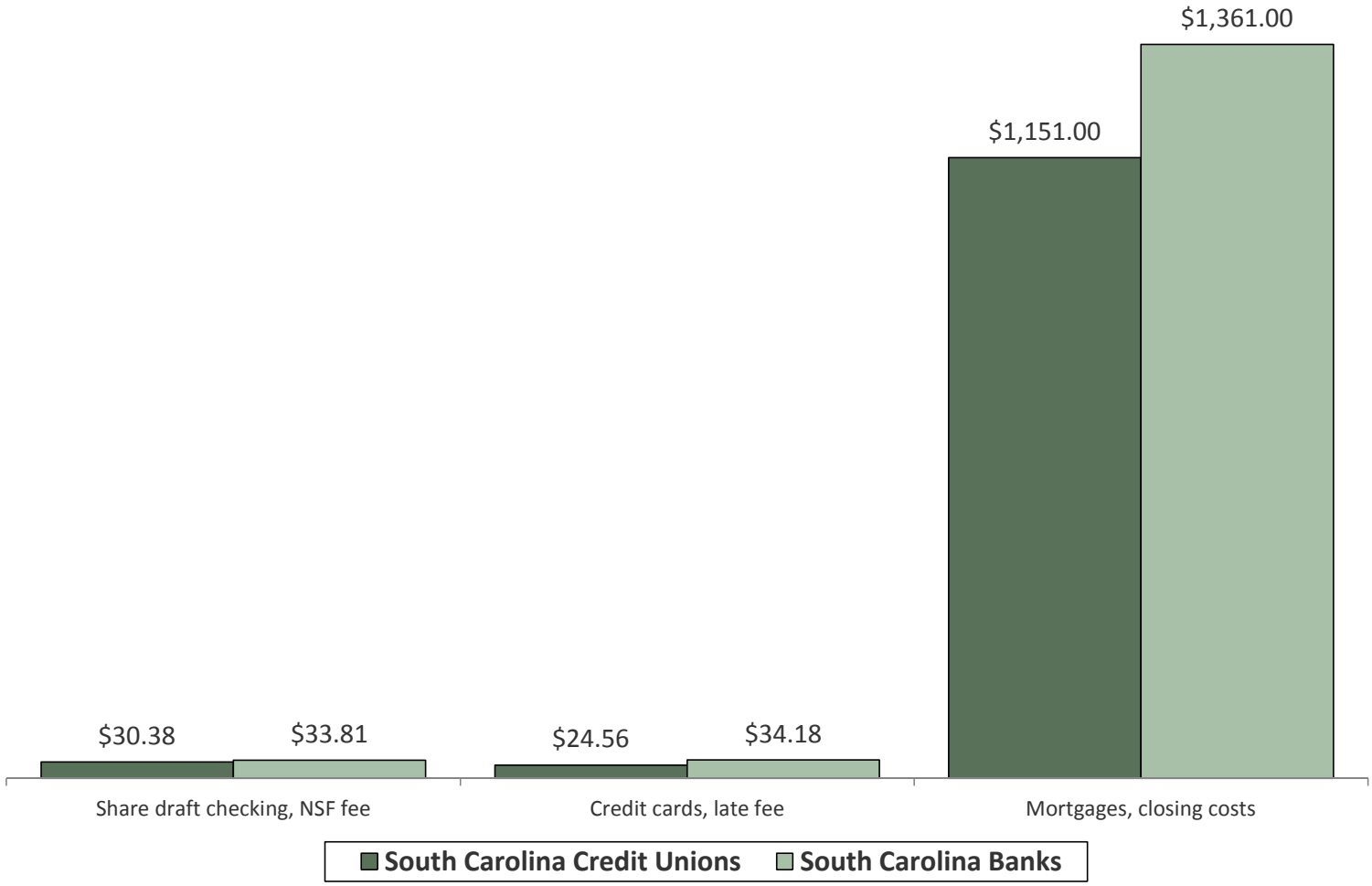
Savings Products Comparative Interest Rates(%)

By Savings Account Type



Comparative Fees

By Type



South Carolina
Credit Union and Banking Instituion
Mid-Year 2014 Average Interest Rates and Fees

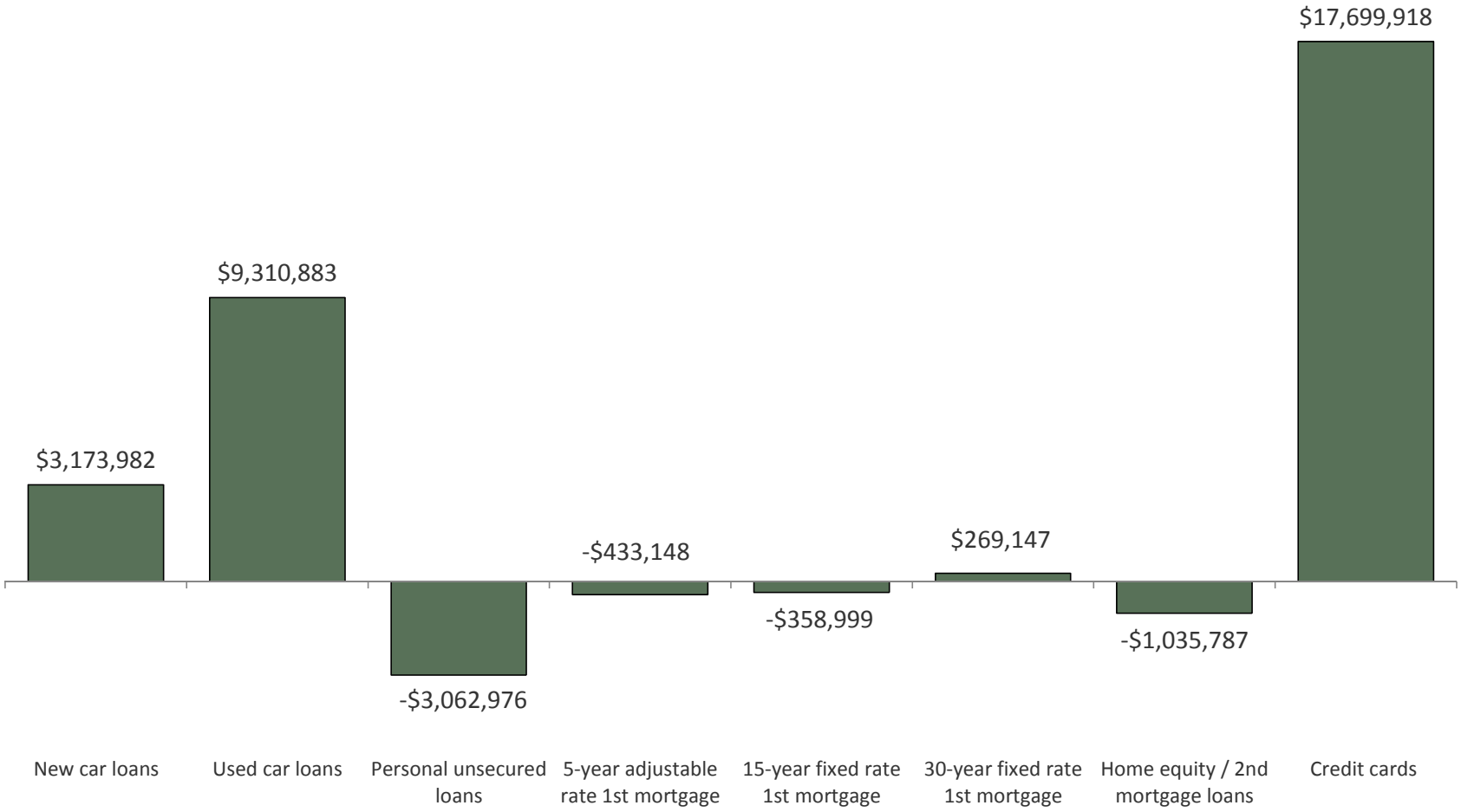
Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	2.60	3.13	-0.53
48-month used car (A paper)	2.96	3.47	-0.52
Unsecured loan (A paper)	10.65	10.04	0.62
5-year adjustable rate 1st mortgage, 0 pts	2.94	2.90	0.04
15-year fixed rate 1st mortgage, 0 pts	3.37	3.33	0.04
30-year fixed rate 1st mortgage, 0 pts	4.11	4.15	-0.05
Home equity / 2nd mtg, 80% LTV 0 pts	4.25	4.10	0.15
Credit card - classic	11.77	15.85	-4.08
Credit card - gold	10.56	11.25	-0.69
Savings Products			
Regular savings, $1,000 balance	0.12	0.07	0.05
Share draft checking, $5,000 balance	0.11	0.08	0.03
Money market accounts	0.22	0.13	0.09
1 Year certificate $10,000 balance	0.46	0.24	0.22
Retirement (IRA) accounts	0.34	0.19	0.16
Fee Income			
Share draft checking, NSF fee	$30.38	$33.81	-$3.43
Credit cards, late fee	$24.56	$34.18	-$9.62
Mortgages, closing costs	$1,151.00	$1,361.00	-$210.00

Source: Datatrac

State Credit Unions' Total Loan Rate Benefits

Compared to State Banking Institutions

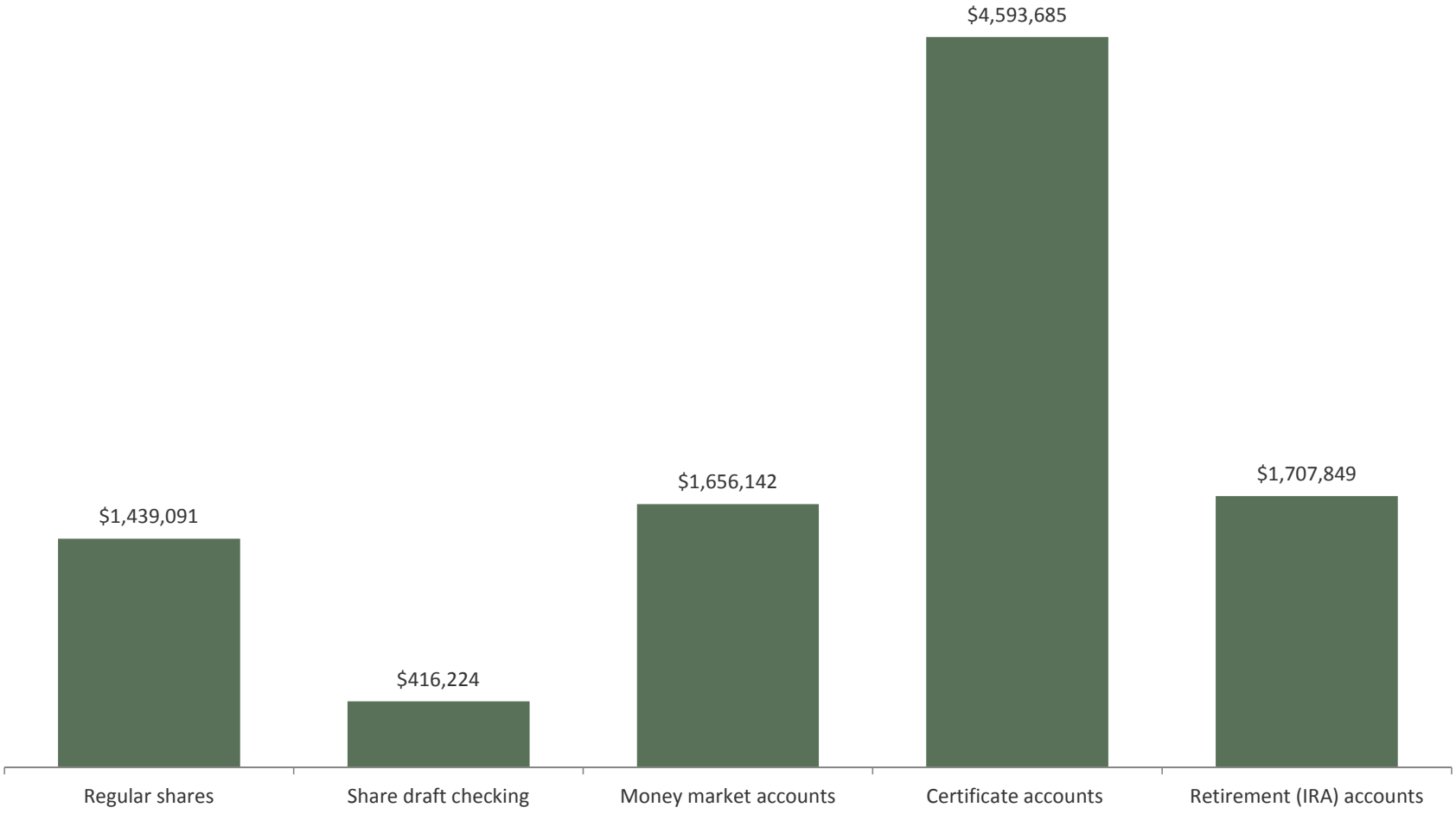
by Loan Type



State Credit Unions' Total Savings Dividend Benefits

Compared to State Banking Institutions

by Account Type



Estimated Financial Benefits for South Carolina Credit Unions

Mid-Year 2014

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. South Carolina Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	598,864,484	-0.53	$3,173,982
Used car loans	1,794,004,443	-0.52	$9,310,883
Personal unsecured loans	496,430,404	0.62	-$3,062,976
5-year adjustable rate 1st mortgage	1,082,871,008	0.04	-$433,148
15-year fixed rate 1st mortgage	854,760,642	0.04	-$358,999
30-year fixed rate 1st mortgage	560,723,758	-0.05	$269,147
Home equity / 2nd mortgage loans	714,335,889	0.15	-$1,035,787
Credit cards	547,561,260	-4.08	$17,699,918
Interest rebates in period			$43,979
Total CU member benefits arising from lower interest rates on loan products:			$25,606,998

Savings			
Regular shares	2,820,809,788	0.05	$1,439,091
Share draft checking	1,474,128,309	0.03	$416,224
Money market accounts	1,824,584,209	0.09	$1,656,142
Certificate accounts	2,073,714,896	0.22	$4,593,685
Retirement (IRA) accounts	1,093,766,161	0.16	$1,707,849
Bonus dividends in period			$0
Total CU member benefit arising from higher interest rates on saving products:			$9,812,992

Fee Income	
Total CU member benefit arising from fewer/lower fees:	$23,727,281
Total CU member benefit arising from interest rates on loan and savings products and lower fees:	$59,147,271
Total CU member benefit / member:	$41
Total CU member benefit / member household:	$79

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of June 2014 and June 2013, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

South Carolina
Performance Profile

Demographic Information	Jun 14	Jun 13
Number of branches	325	324
Total assets ($ mil)	11,319	11,040
Total loans ($ mil)	7,177	6,745
Total surplus funds ($ mil)	3,431	3,644
Total savings ($ mil)	9,449	9,249
Total members (thousands)	1,430	1,425
Growth Rates (Trailing 12 months) *		
Total assets	2.6 %	4.4 %
Total loans	6.4 %	4.4 %
Total surplus funds	-5.8 %	2.5 %
Total savings	2.2 %	4.0 %
Total members	0.4 %	2.4 %
Earnings - Basis Pts. *		
Yield on total assets	361	375
Dividend/interest cost of assets	49	59
Fee & other income	224	225
Operating expense	417	424
Loss Provisions	37	33
Net Income (ROA) after stabilization exp	82	84
Capital adequacy		
Net worth / assets	11.8	11.4
Asset quality *		
Delinquencies / loans	0.7	0.9
Net chargeoffs / average loans	0.6	0.6
Total borrower-bankruptcies	13	14
Bankruptcies per 1000 members	0.6	0.7
Asset/Liability Management		
Loans / savings	76.0	72.9
Loans / assets	63.4	61.1
Long-term assets / assets	25.4	22.9
Core deposits/shares & borrowings	46.7	44.2
Productivity		
Members/potential members	8.3	9.5
Borrowers/members	52.1	49.2
Members/FTE	368	369
Average shares/members ($)	6,607	6,492
Average loan balances ($)	9,626	9,630
Salary & Benefits/FTE	58,693	57,466

*** Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.**